EMPIRE PETROLEUM CORP
Form 10QSB/A
February 08, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-QSB/A

Amendment No. 1

(Mark One)

[X] Quarterly Report Under Section 13 OR 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2004

[ ] Transition Report Under Section 13 or 15(d) of the Exchange Act

For the transition period from _______________to________________

Commission file number 001-16653

EMPIRE PETROLEUM CORPORATION

(Exact name of small business issuer as specified in its charter)

DELAWARE	73-1238709
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8801 S. Yale, Suite 120, Tulsa, Oklahoma 74137-3575
(Address of principal executive offices)

(918) 488-8068
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common Stock, $.001 Par Value - 37,830,190 shares outstanding as of September 30, 2004.

Transitional Small Business Disclosure Format: [ ] Yes [X] No

EMPIRE PETROLEUM CORPORATION

INDEX TO FORM 10-QSB/A

Explanatory Note

This Form 10-QSB/A is being filed by Empire Petroleum Corporation (the "Company"), as Amendment No. 1 (this "Amendment" or "Form 10-QSB/A"), to the Company's Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 2004 (the "Prior Form 10-QSB").

As previously reported in the Company's Current Report on Form 8-K filed on November 21, 2005, the Board of Directors of the Company concluded on November 16, 2005 that its previously issued annual and quarterly financial statements for fiscal years 2003 and 2004 and quarterly financial statements for the first two quarters of 2005 should not be relied upon because of errors in those financial statements and that the Company would restate its previously issued annual financial statements for fiscal year 2003, annual and quarterly financial statements for fiscal year 2004 and quarterly financial statements for the first two quarters of 2005 to make the necessary accounting adjustments. The restatement pertains to the Company's accounting for exit activities in connection with its office space in Canada, which was leased by the former management of the Company, abandoned upon the resignation of such management and subleased by a third party for a period of time thereafter.

This Amendment is being filed in connection with the restatement described above. Although this Amendment amends and restates the Prior Form 10-QSB in its entirety, the information contained herein has not been updated to reflect events or developments that may have occurred subsequent to September 30, 2004, except to the limited extent as specifically described in Items 2 and 3 of Part I below.

Item 1. FINANCIAL STATEMENTS

EMPIRE PETROLEUM CORPORATION

BALANCE SHEET

ASSETS	September 30, 2004 Restated (Unaudited)
Current assets:	
Cash	$ 51
Accounts receivable	5,917
Total current assets	5,968
Property & equipment, net of accumulated depreciation and depletion	527,109
Total Assets	$ 533,077
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	
Current liabilities:	
Accounts payable and accrued liabilities	$ 377,035
Accounts payable to related party	194,167
Note payable	90,596
Total current liabilities	661,798
Total liabilities	661,798
Stockholders' equity (deficiency):	
Common stock at par value	37,830
Additional paid in capital	8,405,635
Accumulated deficit	(8,572,186)
Total stockholders' equity (deficiency)	(128,721)
Total Liabilities and Equity (Deficiency)	$ 533,077

See accompanying notes to financial statements.

EMPIRE PETROLEUM CORPORATION

STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004 Restated	2003 Restated	2004 Restated	2003 Restated
Revenue:				
Petroleum sales	$ 19,674	$ 74,149	$ 55,778	$ 108,037
	19,674	74,149	55,778	108,037
Costs and expenses:				
Production & operating	32,898	44,186	72,679	85,235
General & administrative	37,919	19,822	117,124	299,583
Depreciation expense	0	65,000	0	96,028
Leasehold impairment	0	0	0	190,066
	70,817	129,008	189,803	670,912
Operating loss	(51,143)	(54,859)	(134,025)	(562,875)
Other (income) and expense:				
Miscellaneus	11,918	(1,068)	3,920	20,997
Interest expense	1,725	8,623	5,175	8,623
Gain on sale of assets	0	0	0	(2,201)
Total other(income) and expense	13,643	7,555	9,095	27,419
Net loss	$ (64,786)	$ (62,414)	$ (143,120)	(590,294)
Net loss per common share	$ .00	$ .00	$ .00	$ .02
Weighted average number of common shares outstanding	37,830,190	37,541,301	37,830,190	33,328,192

See accompanying notes to financial statements.

EMPIRE PETROLEUM CORPORATION

STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Nine Months Ended	
	September 30, 2004	September 30, 2003
Cash flows from operating activities:		
Net loss	$ (143,120)	$ (590,294)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	0	96,028
Leasehold impairment	0	190,066
Gain on sale of assets	0	(2,201)
Value of services contributed by employees	37,500	37,500
(Increase) decrease in assets:		
Accounts receivable	15,145	(517)
Prepaid expenses	2,651	3,920
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,266	254,732
Net cash used in operating activities	(85,558)	(10,766)
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	0	7,311
Net cash provided by investing activities	0	7,311
Cash flows from financing activities:		
Advances from related party	63,987	0
Net cash provided by financing activities	63,987	0
Net decrease in cash	(21,571)	(3,455)
Cash - Beginning	21,622	5,454
Cash -Ending	$ 51	$ 1,999
Non-cash investing and financing activities:		
Common stock issued for accounts payable and accrued liabilities	$ 0	$278,441
Common Stock issued for notes and debentures payable	$ 0	$220,000
Common Stock issued for leasehold interest	$ 0	$200,000

See accompanying notes to financial statements.

EMPIRE PETROLEUM CORPORATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

(UNAUDITED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

The accompanying unaudited financial statements of Empire Petroleum Corporation (Empire, or the Company) have been prepared in accordance with United States generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) considered necessary for a fair presentation of the Company's financial position, the results of operations, and the cash flows for the interim period are included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2004.

The information contained in this Form 10-QSB should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2003 which are contained in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission (the SEC) on March 30, 2004.

The continuation of the Company is dependent upon the ability of the Company to attain future profitable operations. These financial statements have been prepared on the basis of United States generally accepted accounting principles applicable to a company with continuing operations, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption were not appropriate for these financial statements, then adjustments might be necessary to adjust the carrying value of assets and liabilities and reported expenses.

The Company continues to explore and develop its oil and gas interests. The ultimate recoverability of the Company's investment in its oil and gas interests is dependent upon the existence and discovery of economically recoverable oil and gas reserves, confirmation of the Company's interest in the oil and gas interests, the ability of the Company to obtain necessary financing to further develop the interests, and upon the ability to attain future profitable production. The Company has been incurring significant losses in recent years and has a significant working capital deficiency as of September 30, 2004. The Company also recognized an impairment charge of $6,496,614 on its oil and gas property in 2002 and an additional impairment charge of $190,066 in the first quarter of 2003.

The Company believes it is the intention of the Company's Chief Executive Officer, or a trust controlled by him, to continue funding the Company's basic expenses through December 31, 2004, or until such time as the Company secures other sources of financing. However, there can be no assurance that such funds will be provided by Mr. Whitehead or an affiliate of Mr. Whitehead. In 2003, the Company engaged a partner to explore its Cheyenne River Prospect, and

signed an agreement to acquire a 10% interest in a block of acreage in the Gabbs Valley Prospect of western Nevada. In order to sustain the Company's operations on a long term basis, the Company intends to continue to look for merger opportunities and consider public or private financings.

Compensation of Officers and Employees

The Company's executive officer serves without pay or other non-equity compensation. The fair value of these services is estimated by management and is recognized as a capital contribution. For the nine months ended September 30, 2004, the Company recorded $37,500 as a capital contribution by its executive officer.

2. NOTES PAYABLE:

In December 2001, the Company executed a note with Weatherford U.S., L.P. to satisfy an outstanding indebtedness for service in the drilling of the Timber Draw #1-AH well. The principal amount of this note was $108,334 with interest payments at 10% per annum commencing on May 27, 2001, until all interest and principal amounts are paid in full. Timely payments were made in accordance with the terms of this note through March 2002. In April 2002, the "payee" of this note agreed to a revised payment schedule extending final payment of $66,997 from April 10, 2002, until June 10, 2002. In connection with this payment schedule, an initial payment of $10,000 was made in April 2002, however, since that time, no further payments have been made. At September 30, 2004, $90,596 was due under this note.

In addition, on March 17, 2003, the Company issued 2,842,243 shares of Company common stock as payment for notes payable to related parties of $220,000 plus accrued interest of $22,601. Also, on March 17, 2003, the Company issued 7,653,970 shares of Company common stock as payment for accounts payable totaling $255,840. Of this amount, $238,986 was payable to the Company's executive officer.

3. PROPERTY AND EQUIPMENT:

At December 31, 2002, the Company's management determined that an impairment allowance of $6,496,614 was necessary to properly value the Company's oil and gas properties bringing the net book value of the oil and gas properties to $594,915. The basis for the impairment was the determination by the United States Bureau of Land Management (BLM) that it does not consider the Timber Draw #1-AH well economic. In other words, under the BLM's criteria for economic determination, the well will not pay out the cost incurred to drill and complete the well. The BLM also advised the Company that since it did not commence another test well prior to August 12, 2002, the Timber Draw Unit was terminated. Furthermore, a bottom hole pressure survey conducted in April 2002 indicated a limited reservoir for the well. The value was calculated using an estimated $10 per acre market price for the leases multiplied by the Company's working interest.

In the first quarter 2003, the Company recorded an additional leasehold impairment charge of $190,066 as a result of the assignment of the leases on 42,237 acres in the Cheyenne River Prospect (See Note 5).

On May 8, 2003, the Company entered into an agreement with O.F. Duffield (Duffield Agreement) to acquire a ten percent (10%) interest in a block of acreage in the Gabbs Valley Prospect by agreeing to issue 2,000,000 shares of the Company's Common Stock to Mr. Duffield for such 10% interest. The shares

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were issued in July 2003. This block of acreage in the Gabbs Valley Prospect consists of federal leases covering approximately 45,000 acres in Nye and Mineral Counties, Nevada in which Mr. Duffield has a 100% working interest. Pursuant to the Duffield Agreement, the Company is also entitled to acquire up to a 10% interest in a block of 26,080 acres also located in the Gabbs Valley Prospect should Duffield acquire an interest in this block. The shares were valued at $.10 per share based on the closing price of the Company's common stock on the date of issuance.

4. CONTINGENCIES:

The Company's former management (Messrs. McGrain and Jacobsen) entered into a lease agreement for office space in Canada. This office was closed after Messrs. McGrain and Jacobsen resigned as officers of the Company. This lease agreement calls for monthly lease and tax payments of approximately $6,834 (Canadian) through April of 2006. No lease payment was made subsequent to December of 2002 and, in January of 2003, the Company was notified that the lease had been terminated without prejudice to the landlord's right to hold the Company liable for future damages related to lost rent. The Company has recorded a liability of $215,290 (U.S.) as of September 30, 2004 in connection with the lease. The foreign exchange loss of $4,073 associated with the lease obligation has been recorded in miscellaneous expense.

5. PAYMENT OF LEASE RENTALS:

On March 28, 2003, a third party paid approximately $84,485 of the Company's lease rentals on 42,237 acres in the Cheyenne River Prospect in return for an assignment of such leases. In connection with this transaction, the Company retained an overriding royalty of 1.5% on 33,597 of the acres and a 2% overriding royalty on 8,640 of the acres.

On March 31, 2004, a third party paid approximately $52,128 of the Company's lease rentals on 32,643 acres in the Cheyenne River Prospect in exchange for an option to drill a test well in order to earn an interest in the farmout block, which option was subject to the third party first completing a seismic survey covering 16 square miles in the Cheyenne River Prospect. This survey was completed in September of 2003. The processing and interpreting of the data from such survey was completed September 30, 2003, and earned the third party a 25% interest in the #1-AH well and prospect acreage. This third party commenced a test well in the NW/4NE/4 Section 15, Twp 39N, Rge 66W, Niobrara County, Wyoming, known as the Empire Hooligan Draw Unit #1-AH, on August 6, 2004. The well was drilled horizontally to a measured drilling depth of 9,332 feet. The third party is in the process of completing and testing the well.

6. SUBSEQUENT EVENT:

Subsequent to September 30, 2004, the Company's Chief Executive Officer relinquished 170,000 options to acquire Company common stock.

7. RESTATEMENT:

On November 11, 2005, the Company filed a Form 8-K with the SEC disclosing that it would restate its previously issued financial statements for the year ended December 31, 2003, annual and quarterly financial statements for 2004, and quarterly financial statements for the first two quarters of 2005 after determining that it had erroneously accounted for its exit activities in connection with its former office space in Canada.

In the third quarter of 2003, the Company recorded an expense for its

obligation under the lease for the period up to the balance sheet date. It continued to record an expense of $13,200 per quarter through March 31, 2005 related to the lease (see Note 4). After further review, the Company's management determined that it should have accrued an obligation for the lease equal to total amounts owed from the "cease use date" (the date in January 2003 on which the Company's subtenant moved out of the office space) through the end of the lease term. Additionally, since the lease obligation was in Canadian dollars, the Company should have recorded a currency exchange gain or loss on its obligation in each quarter. Based on this analysis, the Company and its Board of Directors concluded that its previously issued financial statements for the year ended December 31, 2003, annual and quarterly financial statements for 2004 and quarterly financial statements for the first two quarters of 2005 required adjustments of the amounts previously reported for accounts payable and accrued liabilities, and general and administrative expenses. The following table summarizes the adjustments required to previously reported amounts included in these financial statements.

	3 Months Ended September 30, 2004		9 Months Ended September 30, 2004	
	Previously Reported	As Restated	Previously Reported	As Restated
Petroleum sales	19,674	19,674	55,778	55,778
Cost & Expenses:				
Production & Operation	32,898	32,898	72,679	72,679
General & Administrative	51,119	37,919	156,724	117,124
	84,017	70,817	229,403	189,803
Operating income (loss)	(64,343)	(51,143)	(173,625)	(134,025)
Other (income) expense:				
Miscellaneous	-	11,918	(153)	3,920
Interest Expense	1,725	1,725	5,175	5,175
	1,725	13,643	5,022	9,095
Net loss	(66,068)	(64,786)	(178,647)	(143,120)
Net loss per Share	.00	.00	.00	.00

	3 Months Ended September 30, 2003		9 Months Ended September 30, 2003	
	Previously Reported	As Restated	Previously Reported	As Restated
Petroleum sales	74,149	74,149	108,037	108,037
Cost & Expenses:				
Production & Operation	44,186	44,186	85,235	85,235
General & Administrative	112,222	19,822	213,076	299,583
Depreciation Expense	65,000	65,000	96,028	96,028
Leasehold Impairment	-	-	190,066	190,066

	221,408	129,008	584,405	670,912
Operating income (loss)	(147,259)	(54,859)	(476,368)	(562,875)
Other (income) expense:				
Miscellaneous	(84)	(1,068)	(2,128)	20,997

Gain on Sale of Assets	-	-	(2,201)	(2,201)
Interest Expense	8,623	8,623	8,623	8,623
	8,539	7,555	4,294	27,419
Net loss	(155,798)	(62,414)	(480,662)	(590,294)
Net loss per share	.00	.00	(.01)	(.02)

	September 30, 2004 Previously Reported	As Restated
ASSETS		
Current Assets:		
Cash	51	51
Accounts Receivable	5,917	5,917
Total Current Assets	5,968	5,968
Property, Plant & Equipment (net)	527,109	527,109
Total Assets	533,077	533,077
LIABILITIES & STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable & accrued expenses	293,745	377,035
Accounts payable - related party	194,167	194,167
Note payable	90,596	90,596
Total current liabilities	578,508	671,798
Total liabilities	578,508	661,798
Stockholders' equity:		
Common stock	37,830	37,830
Additional paid in capital	8,405,635	8,405,635
Accumulated deficit	(8,488,896)	(8,572,186)
Total stockholder's equity	(45,431)	(128,721)
Total liabilities and stockholders' equity	533,077	533,077

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

GENERAL TO ALL PERIODS

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The Company's primary business is the exploration and development of oil and gas interests. The Company has incurred significant losses from operations, and there is no assurance that it will achieve profitability or obtain funds necessary to finance its operations. Sales revenue for all periods presented is attributable to the production of oil from the Company's Timber Draw #1-AH well located in the Eastern Powder River Basin in the State of Wyoming, otherwise known as the Cheyenne River Prospect.

For all periods presented, the Company's effective tax rate is 0%. The Company has generated net operating losses since inception, which would normally reflect a tax benefit in the statement of operations and a deferred asset on the balance sheet. However, because of the current uncertainty as to the Company's ability to achieve profitability, a valuation reserve has been established that offsets the amount of any tax benefit available for each period presented in the statements of operations.

RESTATEMENT

On November 11, 2005, the Company filed a Form 8-K with the SEC disclosing that it would restate its previously issued financial statements for the year ended December 31, 2003, annual and quarterly financial statements for 2004, and quarterly financial statements for the first two quarters of 2005 after determining that it had erroneously accounted for its exit activities in connection with its former office space in Canada.

In the third quarter of 2003, the Company recorded an expense for its obligation under the lease for the period up to the balance sheet date. It continued to record an expense of $13,200 per quarter through March 31, 2005 related to the lease (see Note 4 to the financial statements). After further review, the Company's management determined that it should have accrued an obligation for the lease equal to total amounts owed from the "cease use date" (the date in January 2003 on which the Company's subtenant moved out of the office space) through the end of the lease term. Additionally, since the lease obligation was in Canadian dollars, the Company should have recorded a currency exchange gain or loss on its obligation in each quarter. Based on this analysis, the Company and its Board of Directors concluded that its previously issued financial statements for the year ended December 31, 2003, annual and quarterly financial statements for 2004 and quarterly financial statements for the first two quarters of 2005 required adjustments of the amounts previously reported for accounts payable and accrued liabilities, and general and administrative expenses. The effect of the restatement was to decrease the previously reported net loss by $1,282 for the three months ended September 30, 2004 and to decrease the net loss reported by $35,527 for the nine months ended September 30, 2004. The restatement did not affect the loss per share at September 30, 2004 for either the three or nine month period.

THREE MONTH PERIOD ENDED SEPTEMBER 30, 2004, COMPARED TO THREE MONTH PERIOD ENDED SEPTEMBER 30, 2003

For the three months ended September 30, 2004, sales revenue decreased $54,475 to $19,674, compared to $74,149 for the same period during 2003. The decrease in sales revenue was the result of a decrease in production for the Timber Draw #1-AH, which is attributable to a limited reservoir. For the three months ended September 30, 2004, sales volume decreased 1,392 barrels to 948 barrels, compared to 2,340 barrels for the same period in 2003. The average realized per barrel oil price increased 35% from $22.57 for the three months ended September 30, 2003 to $30.58 for the three months ended September 30, 2004.

Production and operating expenses decreased $11,288 to $32,898 for the three months ended September 30, 2004, from $44,186 for the same period in 2003. This decrease was primarily attributable to lower production on the Company's test well.

General and administrative expenses increased by $18,097 to $37,919 for the three months ended September 30, 2004, from $19,822 for the same period in 2003. The increase was primarily related to the increase of operational expenses.

Depreciation expense decreased by $65,000 to $0 for the three months ended September 30, 2004, compared to the same period in 2003. There was no depreciation expense attributable to the three months ended September 30, 2004, because the depreciable assets were fully depreciated.

For the three months ended September 30, 2004, interest expense decreased to $1,725 from $8,623 when compared to the same period in 2003. The decrease was due to the accrual of prior interest expense on the Weatherford note in 2003. The Company began accruing interest on the note in the third quarter of 2003, and accrued 18 months of interest at September 30, 2003 compared to three months in 2004.

For the reasons discussed above, net loss increased $2,372 from $(62,414) for the three months ended September 30, 2003, to $(64,786) for the three months ended September 30, 2004.

NINE MONTH PERIOD ENDED SEPTEMBER 30, 2004, COMPARED TO NINE MONTH PERIOD ENDED SEPTEMBER 30, 2003

For the nine months ended September 30, 2004, sales revenue decreased $52,259 to $55,778, compared to $108,037 for the same period during 2003. The decrease in sales revenue was the result of a decrease in production for the Timber Draw #1-AH, which is attributable to a limited reservoir. For the nine months ended September 30, 2004, sales volume decreased 2,976 barrels to 2,426 barrels, compared to 5,402 barrels for the same period in 2003. The average realized per barrel oil price increased 21% from $22.30 for the nine months ended September 30, 2003 to $27.04 for the nine months ended September 30, 2004.

Production and operating expenses decreased $12,556 to $72,679 for the nine months ended September 30, 2004, from $85,235 for the same period in 2003. This decrease was primarily attributable to lower production on the Company's test well.

General and administrative expenses decreased by $182,459 to $117,124 for the nine months ended September 30, 2004, from $299,583 for the same period in 2003. The decrease was primarily related to the Company's accrual for the Canadian office rent in 2003. The Company began accruing for potential liability related to the Canadian office lease in the first quarter of 2003.

Depreciation expense decreased by $96,028 to $0 for the nine months ended September 30, 2004, compared to the same period in 2003. There was no depreciation expense attributable to the nine months ended September 30, 2004, because the depreciable assets were fully depreciated.

During the nine months ended September 30, 2003, the Company recorded a leasehold impairment charge of $190,066 as a result of the assignment of the leases on 42,237 acres in the Cheyenne River Prospect. There was no comparable charge during the comparable period in 2004.

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For the nine months ended September 30, 2004, interest expense decreased $3,448 $5,175 when compared to the same period in 2003. The decrease was due to the accrual of prior interest expense on the Weatherford note in 2003. The Company began accruing interest on the note in the third quarter of 2003, and accrued 18 months of interest at September 30, 2003 compared to nine months in 2004.

For the reasons discussed above, net loss decreased $447,174 from $(590,294) for the nine months ended September 30, 2003, to $(143,120) for the nine months ended September 30, 2004.

LIQUIDITY AND CAPITAL RESOURCES

GENERAL

As of September 30, 2004, the Company had $51 of cash on hand. The Company's cash on hand will not be sufficient to fund its operations for any length of time. During the next twelve months, the Company expects to incur costs of approximately $10,000 per month relating to administrative, office and other expenses. In addition, the Company's other material commitments in the next twelve months could include payments to be made and obligations that could arise as further described below.

The Company's former management (Messrs. McGrain and Jacobsen) entered into a lease agreement for office space in Canada. This office was closed after Messrs. McGrain and Jacobsen resigned as officers of the Company. This lease agreement calls for monthly lease and tax payments of approximately $6,834 (Canadian) through April of 2006. No lease payment has been made subsequent to December of 2002 and, in January of 2003, the Company was notified that the lease had been terminated without prejudice to the landlord's right to hold the Company liable for future damages related to lost rent. The Company has recorded a liability of $215,290 in its financial statements including foreign exchange losses accrued at September 30, 2004.

As of September 30, 2004, the Company owes approximately $90,596 including accrued interest to Weatherford U.S., L.P. for services rendered by Weatherford.

ADVANCES FROM RELATED PARTY

The Company has had difficulty in obtaining financing from traditional financing sources. Through September 30, 2004, the Company financed its operations primarily through advances made to the Company by the Albert E. Whitehead Living Trust, of which the Company's Chairman of the Board and Chief Executive Officer, Mr. Whitehead, is the trustee. The Company believes it is the intention of the Whitehead Trust to continue funding the Company's basic expenses through December 31, 2004, or until such time as the Company secures other sources of financing. However, there can be no assurance the Whitehead Trust will continue to fund such expenses. In order to sustain the Company's operations on a long term basis, management intends to continue to look for merger opportunities and consider public or private financings. Through the nine months ended September 30, 2004, the Whitehead Trust has advanced $63,987 to the Company.

MATERIAL RISKS

The Company has incurred significant losses from operations and there is no assurance that it will achieve profitability or obtain funds necessary to finance continued operations. For other material risks, see the Company's form 10-KSB for the period ended December 31, 2003, which was filed March 30, 2004.

FORWARD-LOOKING INFORMATION

This quarterly report on Form 10-QSB, including this section, includes certain statements that may be deemed "forward-looking statements" within the meaning of federal securities laws. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including future sources of financing and other possible business developments, are forward- looking statements. Such statements are subject to a number of assumptions, risks and uncertainties and could be affected by a number of different factors, including the Company's failure to secure short and long term financing necessary to sustain and grow its operations, increased competition, changes in the markets in which the Company participates and the technology utilized by the Company and new legislation regarding environmental matters. These risks and other risks that could affect the Company's business are more fully described in reports it files with the Securities and Exchange Commission, including its Form 10-KSB for the fiscal year ended December 31, 2004. Actual results may vary materially from the forward-looking statements. The Company undertakes no duty to update any of the forward-looking statements in this Form 10-QSB.

Item 3. CONTROLS AND PROCEDURES

As of September 30, 2004, the Company carried out an evaluation under the supervision of the Company's Chief Executive Officer (and principal financial officer) of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to the Securities Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, the Company's Chief Executive Officer (and principal financial officer) concluded that the Company's disclosure controls and procedures were effective at such time. However, prior to the date of the filing of this Form 10-QSB/A and as a result of the Company's decision to restate its financial statements as described under the "Explanatory Note" in this Form 10-QSB/A above, the Company completed a second evaluation under the supervision of the Company's Chief Executive Officer (and principal financial officer) of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2004. In connection with this second evaluation and based upon the Company's decision to restate its financial statements for the quarterly period ended September 30, 2004, the Company's Chief Executive Officer (and principal financial officer) concluded that the Company's disclosure controls and procedures were not effective as of September 30, 2004.

PART II. OTHER INFORMATION

Item 6. Exhibits

31 Certification of Chief Executive Officer (and principal financial officer) pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

32 Certification of Chief Executive Officer (and principal financial officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

EMPIRE PETROLEUM CORPORATION

SIGNATURES

In accordance with the requirements of the Exchange Act, the small business issuer caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EMPIRE PETROLEUM CORPORATION

Date: February 8, 2006 By: /s/ Albert E. Whitehead

Albert E. Whitehead
Chairman/CEO

EXHIBIT INDEX

NO.	DESCRIPTION
31	Certification of Chief Executive Officer (and principal financial officer) pursuant to Rules 13a-14(a) and 15d-14(a) promulgated under the Securities Exchange Act of 1934, as amended, and Item 601(b)(31) of Regulation S-B, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (submitted herewith).
32	Certification of Chief Executive Officer (and principal financial officer) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (submitted herewith).

EXHIBIT 31

CERTIFICATION

I, Albert E. Whitehead, Chief Executive Officer (and principal financial Officer) of Empire Petroleum Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Empire Petroleum Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have;

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(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

February 8, 2006

/s/ Albert E. Whitehead
Albert E. Whitehead,
Chief Executive Officer and
Principal Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Empire Petroleum Corporation (the "Company") on Form 10-QSB for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Albert E. Whitehead, Chief Executive Officer (and principal financial officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 8, 2006

/s/ Albert E. Whitehead

Albert E. Whitehead
Chief Executive Officer and
principal financial officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Report and shall not be considered filed as part of the Report.